

## Blount, Will

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**From:** McCartney, Richard L [RMcCartney@ameren.com]  
**Sent:** Thursday, April 10, 2014 9:15 AM  
**To:** PPB  
**Cc:** Tomc, Matthew R  
**Subject:** IPA Communication Report  
**Attachments:** Report of Communications with Illinois Power Agency 031214.PDF; IPA Cover Letter.PDF

To Illinois Procurement Policy Board:

Please find attached an IPA Communication Report and an attachment pertaining to the communication. My contact information is below should you require additional information.

Sincerely,

**RICH MCCARTNEY** :: Director, Power Supply Acquisition :: 314-613-9181 :: C 636-579-1962  
**Ameren Illinois** :: 1901 Chouteau Avenue :: St Louis, MO 63166

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## REPORT OF COMMUNICATIONS WITH THE ILLINOIS POWER AGENCY

This form must be completed and submitted to the Illinois Procurement Policy Board within 30 days for each communication report required by 30 ILCS 500/50-39. Submit reports to:

PROCUREMENT POLICY BOARD  
511 W. CAPITOL AVENUE, SUITE 102  
SPRINGFIELD, IL 62704

Or you may send a signed, scanned copy via email with "IPA Communication Report" in the Subject line to: [ppb@illinois.gov](mailto:ppb@illinois.gov)

Date of Communication: 3/12/14

Time of Communication: 3:27 pm

### Type of Communication:

- ☐ Telephone  
☐ In Person  
☒ Electronic (Email, Fax, Etc.) – Attach A Complete Copy of the Entire Communication String  
☐ Written – Attach Copy  
☐ Other

### Initiator:

Initiator of Communication:

Richard L. McCartney

Representing:

Ameren Illinois

Location:

St. Louis MO

Email Address (if communication was via email)

[rmccartney@ameren.com](mailto:rmccartney@ameren.com)

Telephone Number (if telephonic):

Duration of Call or In-Person Communication:

Is this person a Lobbyist required to register under the Lobbyist Registration Act

☐ Yes ☒ No

**Recipient(s):** (If there are additional persons involved in the communication, attach an additional sheet that lists the other participants' names, job titles, which entity they represent, email address and/or telephone number, if applicable)

Recipient One Name:

Anthony Star, Mario Borhorquez, Michael Strong

Recipient Title:

IPA

Representing:

Location:

Email Address (if communication was via email)

Telephone Number (if telephonic):

Recipient Two Name:

Richard Zuraski

Recipient Title:

ICC Staff

Representing:

Location:

Email Address (if communication was via email)

Telephone Number (if telephonic):

Recipient Three Name:

Chantale LaCasse, Ben Chee, Katherine Gottshall, Andrew Gisselquist

Recipient Title:

NERA (Procurement Administrator) and Boston Pacific (Procurement Monitor)

Representing:

Location:

Email Address (if communication was via email)

Telephone Number (if telephonic):

If any of these additional participants are lobbyists required to register under the Lobbyist Registration Act, **they** must submit a written report to be submitted with this communications report to the Procurement Policy Board that memorializes the communication that includes, but is not limited to (i) the date and time of each communication; (ii) the identity of each person from whom the written or oral communication was received, the individual or entity represented by that person, and any action the person requested or recommended; (iii) the identity and job title of the person to whom each communication was made; (iv) if a response is made, the identity and job title of the person making each response; (v) a detailed summary of the points made by each person involved in the communication; (vi) the duration of the communication; (vii) the location or locations of all persons involved in the communication and, if the communication occurred by telephone, the telephone numbers for the callers and recipients of the communication; and (viii) any other pertinent information.

### Communication Details:

Provide a detailed summary of the points made by each person involved in the communication:

Pursuant to the IPA Plan and Commission Order in Docket 13-0546, Ameren Illinois submitted its updated forecast of energy, capacity and renewables to the IPA, ICC Staff, NERA and Boston Pacific so as to reach consensus that the updated forecast should replace the previous forecast submitted in July 2013.

IPA COMM FORM V1 120216



Was a response made? If so, complete the following for each person making the response (attach an additional sheet that lists the other respondents' names, job titles, which entity they represent, email address and/or telephone number, if applicable):

Respondent Name:

All individuals referenced above

Respondent Title:

Location:

Telephone Number (if telephonic):

Provide a detailed summary of the response:

Consensus among IPA, ICC Staff, NERA, Boston Pacific and Ameren Illinois was reached to use the updated forecast.

Other pertinent information:

Richard L. McCartney

SIGNATURE

4-10-14

DATE

Director, Power Supply Acquisition  
Ameren Illinois Company



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March 12, 2014

Illinois Power Agency ("IPA")  
Anthony Star  
160 N. LaSalle  
Suite C-504  
Chicago, Illinois 60601  
VIA EMAIL

**Updated Forecast for Docket Number 13-0546**

Dear Mr. Star:

The approved IPA Procurement Plan ("Plan") requires that Ameren Illinois provide an updated base case forecast during March 2014 to you, Staff of the Illinois Commerce Commission ("Staff"), Boston Pacific and National Economic Research Associates ("NERA"). The Plan also states these same parties will review the updated forecast and if consensus is reached, the updated forecast will supersede the July 2013 forecast and will form the basis for determining whether curtailments shall occur associated with the long term bundled energy and renewable energy credit contracts and if so, the quantities of those curtailments. The updated forecast will also update the quantities of energy to be procured by the IPA in the spring 2014 procurement.

In our updated forecast, we first incorporated the estimated impact of the incremental cost effective energy efficiency programs in the before switching delivery service forecast. Whereas the inclusion of incremental energy efficiency was previously provided to you as an *alternative* scenario, given the Commission approval of such programs in its Final Order, the inclusion of incremental energy efficiency is now reflected in our base case.

We also updated actual switching statistics through the most recent month of availability. It is noteworthy switching to Alternative Retail Electric Suppliers ("ARES") has flattened since August 2013 whereas the July 2013 forecast anticipated a continuing trend of higher switching.

In addition, Ameren Illinois also surveyed municipalities and counties within our service territory and identified approximately 65 entities with referenda on the April ballot (these entities in aggregate are quite small in size when compared to prior referenda). In order to estimate the potential impact on the forecast, we accessed billing data pertaining to the applicable municipalities and counties and generated a report which provides the most recent 12 months energy usage. This report limits data to residential customers and other non-competitively declared customers whose annual usage is less than 15,000 KWH. Once generated, we filtered the report to include only the load currently supplied under our fixed price tariffs (eligible retail customers or those

for which the IPA procures) and grossed up the energy usage to account for distribution losses, thus allowing comparison to usage in the MISO market. This quantity was filtered by approximately 77% which represents the average percent of energy that passed associated with the February 2012, November 2012 and April 2013 referenda. Finally, this quantity was filtered by an additional 10% to estimate those customers that will opt out from any resulting aggregation solicitations. The resulting estimate of switching associated with the March 2014 referenda (approximately 3% of residential delivery service load) was assumed to switch to ARES in June 2014.

Regarding the sizeable amount of customers that have existing ARES contracts associated with prior municipal aggregation events; publicly available information suggests that many of these contracts will expire this summer. We have received verbal indications that the majority of these contracts have been renewed and therefore our base assumption is that this load will not return to the Ameren Illinois fixed price tariff. However, uncertainty remains especially since our tariff price for the upcoming plan year will not be available until May. In addition, we are not privy to the contracts themselves and therefore the specific terms pertaining to the buyer and seller are not known. That being said, we should have additional switching information as we progress through the summer. Furthermore, pursuant to the approved Plan, Ameren Illinois has been instructed to provide another forecast in July for the period November 2014 through May 2015. This affords Ameren Illinois another opportunity to adjust its forecast higher should we see evidence that load is returning and it further affords the IPA the opportunity to pursue a September 2014 procurement with adjusted quantities for the period November 2014 through May 2015.

Finally, Ameren Illinois updated its projections for switching not associated with government aggregation. These projections show switching continuing to increase, but at a pace lower when compared to prior periods. This change in our assumptions was prompted by recent switching data which suggest a flattening of switching not associated with government aggregation.

Taking all of these factors into consideration, our updated forecast for the 2014 planning year is approximately 5.73 million MWH when compared to our previous forecast of approximately 4.97 million MWH.

This forecast update results in an increase in the quantity of energy to be procured by the IPA in 2014. It also results in an increase in the quantity of capacity to be procured via the MISO auction (the Plan authorizes Ameren Illinois to pursue this directly with MISO). Please note that our updated forecast files contain tables which illustrate the change in energy and capacity positions when compared to our previous forecast. We recommend the values in the tables be independently confirmed by you or your consultant.

In regards to renewables, the targeted quantities were not impacted by the updated forecast because these quantities are based on historical load, not forecasted load. However, the budget

for the 2014 planning year is a function of the prompt year forecast and the updated forecast indicates that a slight budget remains. This is different from the July 2013 forecast which projected that the budget would be exceeded. Therefore, assuming the IPA, Staff, Boston Pacific, NERA and Ameren Illinois can reach consensus, the result would be no curtailment of the long term bundled energy and renewable energy contracts for the 2014 planning year. Please note that our updated forecast file contains tables which illustrate the change in the renewable budget when compared to our previous forecast. Again, we recommend the values in the tables be independently confirmed by you or your consultant.

The Final Order also requires that for informational purposes we provide updated energy, capacity and renewable forecasts associated with the high scenario (high delivery service forecast combined with low switching assumptions) and low scenario (low delivery service forecast combined with high switching assumptions). These updated forecasts are also provided for your review.

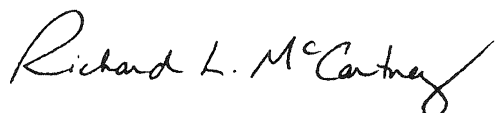
Finally, the cumulative amount of renewable funds we have collected from customers on hourly price tariffs totaled approximately \$4 million at the end of 2013. These funds are in a liability account earmarked for future renewable events as directed by the IPA and the Commission.

The advent of government aggregation and ever changing market dynamics has created considerable complexities to the forecasting process. While we believe our updated forecasts represent reasonable estimates, we caution that actual results could vary considerably.

I welcome the opportunity to discuss our updated forecast with you and the other parties mentioned in this letter and hope to come to mutual agreement regarding how to proceed. Assuming consensus is reached, Ameren Illinois will subsequently provide an informational filing to the Commission which includes updated residual tables associated with energy, capacity and renewables. Pursuant to the Final Order, this filing is not subject to litigation, but is required to ensure other parties in the proceeding are aware of the impact of the updated forecasts on the positions of Ameren Illinois, which in turn impacts the procurements of the IPA.

Once you have had a chance to review the referenced files, I can be reached at 314-613-9181 or [rmccartney@ameren.com](mailto:rmccartney@ameren.com).

Sincerely,

A handwritten signature in black ink, reading "Richard L. McCartney". The signature is fluid and cursive, with a large, stylized "M" and "C".

Richard L. McCartney  
Director, Power Supply Acquisition

Cc: Mario Bohorquez and Michael Strong, IPA  
Richard Zuraski, Staff  
Andrew Gisselquist and Katherine Gottshall, Boston Pacific  
Chantale LaCasse and Ben Chee, NERA  
Jim Blessing, Justin Range, Dave Brueggeman and Greg Weiss, Ameren Illinois  
Matt Tomc, Ameren Services